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Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: *Docket No. R-1167 - Regulation Z*
Docket No. R-1168 - Regulation B
Docket No. R-1169 - Regulation E
Docket No. R-1170 - Regulation M
Docket No. R-1171 - Regulation DD

Dear Ms. Johnson:

AmSouth Bank submits the comments contained in this letter on the Proposed Rules referenced above to the Board on behalf of itself and its affiliated companies. We appreciate the opportunity to comment on the Proposed Rules as well as the Board's careful consideration of our comments.

We believe the Proposed Rules, if adopted, will have a significant adverse and costly effect on financial institutions with little corresponding benefit for consumers. The proposals will significantly increase the compliance burden on financial institutions, will promote litigation and potential liability even for good faith compliance efforts, and will lengthen disclosures thereby rendering them more costly and probably less effective. Moreover, no compelling need for the Proposed Rules has been identified. We strongly urge the Board to withdraw the Proposed Rules.

If the Proposed Rules are adopted, financial institutions will need to review and rewrite vast numbers of documents resulting in significant expense. Changes in existing long-standing and well-understood disclosure requirements will force institutions to undertake a complete review of affected documents and make appropriate changes in an effort to ensure compliance. A vast number of the retail forms in use today include some notice or disclosure mandated by the regulations, so this review will necessarily encompass a large number of documents. Institutions will have to determine whether or not bullet points should be added or margins widened. Documents will have to be examined for "understandability" (a very subjective term) based on whether the documents include "everyday words" (another very subjective term). It is likely that each required

disclosure will have to be adjusted to comply with the font size, margin size and heading and bullet requirements, if for no other reason. These latter requirements will also most likely result in more lengthy disclosures. More lengthy disclosure will definitely be more expensive to produce. More lengthy disclosures are less likely to be thoroughly reviewed by consumers and, thus, are likely to be less effective. The re-examination of all the forms and the resulting changes, where changes are deemed necessary, will entail billions of dollars in compliance costs to the industry.

The privacy notices under Regulation P are of a different character than the disclosures required under the other regulations. Thus, the Regulation P standard should not be applied to the disclosures under the other regulations. The Regulation P privacy notice must be flexible in order to accommodate the myriad of different policies and practices different institutions may have with respect to privacy. Thus, the Regulation P requirements must be somewhat vague and subjective. The other regulations are an attempt to allow uniform comparisons of somewhat commoditized financial products. Thus there is no need to incorporate the same degree of subjectivity and vagueness into the other regulatory disclosure requirements as is necessary under Regulation P. Regulation P contemplates generic disclosures that are not specific to any particular transaction. A single disclosure typically applies to all of an institution's accounts. However, the other regulations require many different forms of disclosures that can apply in different situations to reflect the specific terms of the account. The format requirements for each are unique, making it challenging, if not impossible, to comply with some of the illustrative examples. Technical terminology and long sentences are sometimes necessary to convey technical information. Also, under the Proposals, disclosures that can be integrated with contracts (such as much of Regulation M, open-end regulation Z, and Regulations E and DD) would become a hodge-podge of highlighted information interspersed with contract terms. It would be impossible to know, in many cases, where highlighted disclosures should end and contract terms should begin.

The Proposed Rules will almost certainly result in frivolous litigation. As mentioned above, the Proposed Rules are subjective and vague, using terms such as "reasonably understandable" and "designed to call attention to their nature and significance." The potential for litigation as a result of such indefinite standards is great. Because Regulation P has no private right of action, there is less risk of costly litigation from alleged violations of Regulation P. However, if the subjective Regulation P terms are extended to other consumer regulations, the risk of litigation will be enormous. Even when an institution is successful in litigation, the cost of defending or settling is significant, particularly in class action litigation. Examiners will also be placed in the position of having to make subjective determinations under the new standard, resulting in a likelihood of increased tensions between examiners and institutions.

Finally, and possibly most importantly, the Board has not identified a problem with disclosures under existing regulations that needs to be corrected. If there are cases where disclosures under the existing regulations are confusing or unclear, those situations should be specifically identified and addressed within the context of the affected regulation.

In summary, we believe the Proposed Rules will result in a substantial increase in compliance costs, less clarity for determining compliance, less effective disclosures, and increased risks of litigation and liability, all with no apparent justification for the proposed changes. Again, we strongly urge the Board to withdraw the Proposed Rules.

Thank you for the opportunity to comment on the Proposed Rules and for the Board's careful consideration of the points raised above.

Sincerely,

A. Lee Hardegree, III
Assistant General Counsel